

Title

A Resolution submitting to the registered qualified electors of the City of Colorado Springs, Colorado, at the General Municipal Election to be held on Tuesday, April 7, 2015, the question of issuing Sales and Use Tax Revenue bonds of the City without raising taxes or imposing a new fee, in the maximum principal amount of \$160,000,000 for the purpose of financing capital improvements; providing for the form of the ballot title and text; providing for certain matters with respect to the election; and, providing the effective date of this resolution

From:

Steve Cox, Chief of Staff/Chief Administrative Officer
Kara Skinner, Chief Financial Officer

Summary:

The City has a backlog of high priority, unfunded capital improvement project (CIP) needs - neighborhood streets, parks, public safety, and stormwater projects. While there are dedicated revenue sources such as the Pikes Peak Regional Transportation Authority (PPRTA) approved in 2004, the Public Safety Sales Tax (PSST) approved in 2001, and the Trails, Open Space and Parks (TOPS) tax approved in 1997, those funds are dedicated to specific uses per the authorizing ballot issues and do not address all long-term transportation, public safety, parks, and stormwater needs.

The City has invested funds in stormwater projects, first with the Stormwater Enterprise, and since the dissolution of the enterprise, with increasing General Fund dollars and aggressively seeking grant funding opportunities. The City has budgeted more than \$73 million for stormwater activities from 2012 through 2015. This CIP plan carries forward beyond 2015 annual stormwater spending along with improvements in neighborhood streets, public safety facilities and parks infrastructure.

The attached Resolution would place an item on the April Municipal Election ballot asking for voter approval to issue up to \$160 million in Sales and Use Tax Revenue bonds. This bonding proposal will allow the City to accelerate spending on key capital improvement projects, including stormwater projects. Bond proceeds will provide funding of \$145 million to complete over 70 capital improvement projects prioritized by professional staff, which includes \$75 million in neighborhood streets, \$40 million for stormwater, \$20 million for public safety, and \$10 million in parks. The balance of the proceeds would provide for the required bond reserve fund and the costs of issuance.

The Executive Branch sees this as an intermediate, half decade action plan to get us moving on high priority, backlogged CIP in all four function areas. The plan includes outsourcing projects to the private sector with local vendors receiving preference where practical to generate new jobs and help get our economy going. The hope is that our economy will improve sufficiently over the next half decade to provide additional cash flow which can be used as follow on to the 5-year accelerated action plan. If that new revenue is not sufficient, we can then ask the voters to consider additional funding.

The City can issue the proposed bonds, accelerate the projects from what could be accomplished on a pay-as-you-go basis, outsource all the projects to the private sector – injecting money into the local economy and creating private sector jobs, and service the debt with current revenue sources – no new taxes or fees.

In sum, this is a holistic approach to addressing the City's most critical infrastructure needs, including stormwater, within existing revenue sources.

Previous Council Action:

N/A

Background:

During 2013 and 2014, the City completed two significant undertakings to identify unfunded capital project needs. The City contracted with CH2MHill to conduct what is known as the "Stormwater Needs and Prioritization Study" or the SNAP study. CH2MHill identified over \$137.7 million in high priority needs. The City also convened a committee to review and prioritize other capital improvement needs. The committee was comprised of City staff and community members. As a result, nearly \$1.3 billion of high-priority, ten-year unfunded needs have been identified.

El Paso County placed Issue 1B on the November 4, 2014 ballot that would have created a Regional Drainage Authority to address regional stormwater needs through collection of a fee. This ballot issue was rejected by the voters.

Financial Implications:

Based upon a current analysis by the City's financial advisor, Jill Jaworski, Public Financial Management (PFM), the City could issue Sales and Use Tax Revenue Bonds in the amount of approximately \$157 million. With the \$157 million in proceeds, approximately \$11 million will be for a required debt service reserve fund, \$1 million for cost of issuance and \$145 million would be available for the project fund. The bonds would be amortized over 20 years and the payments wrapped around the remaining two Springs Community Improvement Program (SCIP) bond payments. The true interest cost assumed in the analysis is 3.308%. The annual bond payments would be approximately \$11 million and can be funded through existing revenue sources. With the SCIP bonds retiring in 2015 and 2016, the cash flow currently dedicated to those bond payments can be repurposed to the proposed bond payments. In addition, the City can dedicate approximately \$3 million from its current General Fund CIP budget to the annual bond payments. That would leave at least \$8.1 million in the General Fund CIP budget for other pay-as-you-go CIP projects and emergency projects, which is \$2.6 million more than what was budgeted in 2011.

Board/Commission Recommendation:

N/A

Stakeholder Process:

The Mayor has held four community forums across the City and will hold another two forums in early December. There was extensive stakeholder input into developing and vetting the high-priority capital improvement project lists, including the SNAP list.

Alternatives:

Council could not approve the attached resolution.

Proposed Motion:

Move approval of the Resolution submitting to the registered qualified electors of the City of Colorado Springs, Colorado, at the General Municipal Election to be held on Tuesday, April 7, 2015, the question of issuing sales and use tax revenue bonds of the City without raising taxes

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Ordinance Language

N/A